

CHINA AUTO ELECTRONICS GROUP LIMITED
(Incorporated in Bermuda)

**RESPONSE TO SGX'S QUERIES ON THE ANNUAL REPORT
FOR FINANCIAL YEAR ENDED 31 DECEMBER 2014**

In response to a query from Singapore Exchange Securities Trading Limited (the "SGX-ST") in their email on 20 April 2015, the Board of Directors of the Company wishes to provide the information as set out below:

Queries

Guideline 11.3 of the Code of Corporate Governance 2012 (the "Code") states that the Board should comment on the adequacy and effectiveness of the internal controls, including financial, operational, compliance and information technology controls, and risk management systems, in the company's Annual Report. The Board's commentary should include information needed by stakeholders to make an informed assessment of the company's internal control and risk management systems. The Board should also comment in the company's Annual Report on whether it has received assurance from the CEO and the CFO:

- (a) That the financial records have been properly maintained and the financial statements give a true and fair view of the company's operations and finances; and*
- (b) Regarding the effectiveness of the company's risk management and internal control systems.*

As required under Listing Rule 710, please make disclosures as recommended in the Code. In particular, the effectiveness of the internal controls, including financial, operational, compliance and information technology controls, and risk management systems; and the adequacy of information technology controls, or otherwise explain the reason(s) for the deviation.

Company's Response

The Board is of the opinion that current internal controls and risk management system are adequate and effective in addressing financial, operational, compliance and IT risks, while noting that no system of internal control could provide absolute assurance against the occurrence of materials mismanagement or loss, errors, fraud or other irregularities.

Assurance from the CEO and CFO that the financial records have been properly maintained and the financial statements give a true and fair view of the company's operations and finances, as well as regarding the effectiveness of the company's risk management and internal control systems has been disclosed on page 22 of the Annual Report.

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By Order of the Board
Teo Chee Shi
Company Secretary

22 April 2015